

STATE OF CALIFORNIA

DEPARTMENT OF INSURANCE

45 Fremont Street, 24th Floor

San Francisco, California 94105

FINAL STATEMENT OF REASONS

Date: September 1, 2005 RH05044548

REGULATIONS CONCERNING DISABILITY INSURANCE FRAUD ASSESSMENT GRANT PROGRAM PURSUANT TO INSURANCE CODE SECTION 1872.85

UPDATE OF INITIAL STATEMENT OF REASONS AND INFORMATIVE DIGEST

Public comment was requested and a public hearing was held on this proposed regulation on June 27, 2005. After receiving no public comments on the proposed regulation during the initial 45 day period, the Commissioner decided to make changes to the proposed regulations that were sufficiently related to the original text as specified in Section 42 of Article 2 of Chapter 1 Title 1 of the California Code of Regulations. As a result, Sections 2698.95.1, 2698.96 and 2698.98.1 were amended while Sections 2698.95.11, 2698.95.12, and 2698.97.1 were added. Section 2698.95.1 was amended to clarify the authority under which these regulations were promulgated and to clarify the purpose of these regulations. Section 2698.96 was amended to clarify the application process created by these regulations. Section 2698.98.1 was amended to indicate that a new set of standards had been issued by the General Accounting Office of the Controller General of the United States and to clarify that the term "funding cycle" would be used in conjunction with these regulations. Section 2698.95.11 was added to clarify the criteria to be used in determining how grants will be distributed pursuant to these regulations. Section 2698.95.12 was added to provide a list of definitions for terms used in conjunction with these regulations. Section 2698.97.1 was added to clarify what was required in a county plan submitted pursuant to these regulations.

UPDATE OF MATERIAL RELIED UPON

No material other than this Final Statement of Reasons has been added to the rulemaking file since the time the rulemaking record was opened, and no additional material has been relied upon.

MANDATE UPON LOCAL AGENCIES AND SCHOOL DISTRICTS

The Department has determined that the proposed regulations will not impose a mandate upon local agencies or school districts.

ALTERNATIVES

The Commissioner has determined that there are no alternatives that would be more effective, or as effective and less burdensome to affected persons, than the proposed regulations. In support of this determination is the fact that no alternatives were suggested during the public comment period, despite the express invitation that was extended in the Notice of Proposed Action to comment on alternatives to the regulations.

INCORPORATION BY REFERENCE

The following document is incorporated by reference into the proposed regulations:

Government Accounting Standards Revised (June 2003), published by the Comptroller General of the United States, General Accounting Office.

All of this material has been included in the rulemaking file, and has been available upon request directly from the Department, since the time the rulemaking record was opened.

SUMMARY OF AND RESPONSE TO PUBLIC COMMENTS: SECTION 44 STATEMENT

The Department of Insurance has received no comments with regard to this rulemaking, either during or after the public comment period. There were no persons in the categories listed in paragraphs (a)(1) through (a)(4) of Title 1, California Code of Regulations, section 44. The Department confirms that it has complied with Title 1, California Code of Regulations, section 44; the beginning and ending dates for the public availability periods were July 28, 2005 and August 12, 2005; and September 2, 2005 and September 19, 2005, respectively.